



State of Rhode Island and Providence Plantations

State House
Providence, Rhode Island 02903-1196
401-222-2080

Donald L. Carcieri
Governor

BY HAND DELIVERY

October 4, 2005

Honorable William J. Murphy
Speaker of the House
State House, Room 323
Providence, Rhode Island 02903

Honorable Joseph A. Montalbano
President of the Senate
State House, Room 318
Providence, Rhode Island 02903

Dear Speaker Murphy and President Montalbano:

I respectfully request that you reconvene the General Assembly this month to address two critical issues facing our State. This winter, Rhode Islanders will shoulder the highest home heating costs in history. Those costs, together with uncertainties caused by the two recent major hurricanes in the Gulf, portend unprecedented energy costs impacting Rhode Islanders and resulting in potentially severe economic consequences for the State. We must act now to provide Rhode Islanders with some relief. I have included with this letter two draft bills I will ask to be introduced as soon as the General Assembly returns.

First, I will submit legislation establishing the Emergency Home Heating Assistance Fund for Low-Income Seniors and the Disabled. This winter, many will struggle to meet escalating and unprecedented heating oil prices. None will be more strapped than seniors and the disabled, who often live on fixed incomes and have few options to supplement those incomes.

I propose using the approximately \$3.7 million surplus that we expect to generate from the Gross Earnings Tax to fund the Emergency Home Heating Assistance Fund for Low-Income Seniors and the Disabled. As the prices of natural gas and electricity continue to rise, the State will collect far more in taxes on these commodities than originally projected. I propose channeling that surplus to this new Fund.

The Fund will be administered by the State Energy Office under the criteria already established by the Low Income Heating Energy Assistance Program (LIHEAP). The Fund will be used primarily to assist low-income seniors and the disabled who purchase home heating oil. We estimate this population to be approximately 12,700. When combined with existing LIHEAP funds, we will increase the average grant to this group by more than 75%, from \$475 to more than \$650.

Second, I will submit to the General Assembly legislation establishing a one-time sales tax holiday for this calendar year in November and an annual two-day holiday in August. I propose a two-day holiday on November 26 and 27, the weekend following Thanksgiving Day. On those two days, the State will collect no sales tax on items costing \$2,500 or less.

It is important that we adopt a sales tax holiday this year. All Rhode Islanders can enjoy some tax savings. With the substantial increase in gas, electricity, and home heating costs, this action will give Rhode Islanders a financial break when they most need it.

We also need to help our local retailers. As you know, Massachusetts declared a sales tax holiday on August 13 and 14 this year. Rhode Islanders enjoyed no such holiday. We cannot allow our local retailers to suffer from a poor consumer economy this year and to continue to be at a competitive disadvantage with their Massachusetts counterparts. We need to make up for the lost sales our retailers suffered this year.

While this one-time November sales tax holiday will make up for our lack of a sales tax holiday earlier this year, my legislation will establish a two-day holiday each year in August, to coincide with any two-day sales tax holiday declared by Massachusetts in that month.

My administration stands ready to assist the House of Representatives and Senate in addressing these important issues. I urge you to call your chambers back to session as soon as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald L. Carcieri", with a long horizontal flourish extending to the right.

Donald L. Carcieri
Governor

cc: Majority Leader Gordon D. Fox
Majority Leader M. Teresa Paiva-Weed
Minority Leader Robert A. Watson
Minority Leader Dennis L. Algiere